

## **HISTORIC RESTORATION AND REHABILITATION PROPERTY TAX CREDIT**

A tax incentive for Historic Landmarks and Districts

Baltimore City is offering a property tax incentive program that will save thousands of dollars for owners of landmark designated properties and properties located in the city's historic districts. Properties individually included in the Baltimore City Landmark list and the National Register of Historic Places, as well as properties located within local districts (approximately 8,000 properties) and national districts (approximately 20,000 properties) will benefit. The program, called the Property Tax Credit for Historic Restorations and Rehabilitations, is a 10 year, comprehensive tax credit program that helps the City in its mission to preserve Baltimore's historic neighborhoods by encouraging property owners in these districts to complete substantive rehabilitation projects. The credit is granted on the increased assessment directly resulting from qualifying improvements. The assessment subject to the tax credit is computed once and used for the entire life of the credit. The credit for projects with construction costs less than \$3.5 million is 100%, and for projects with construction costs more than \$3.5 million is 80% in the first five taxable years and declines by ten percentage points thereafter.

**\* This is Baltimore City's first tax credit designed to benefit owners of historically designated property.**

**\* Ten-year tax credit for all renovations, interior and exterior, is the most generous in Baltimore City and will be the most comprehensive in the country.**

**\* Credit will benefit both homeowners and businesses.**

**\* Goal of the program is to help preserve Baltimore's neighborhoods by encouraging restoration and rehabilitation.**

**\* Credit is fully transferrable to a new owner for the remaining life of the credit.**

### **How do I apply for the credit?**

- \* First contact the Baltimore City Commission for Historical and Architectural Preservation (CHAP) at 410-396-4866 to request an application form or at [www.baltimorecity.gov/government/historic](http://www.baltimorecity.gov/government/historic)
- \* Your property **must be** historically designated (Baltimore City Landmark, National Register individual designation, and contributing to either a Baltimore City or National Register Historic District).
- \* Your restoration or rehabilitation plans must be reviewed and approved by CHAP **before** you begin any work on your building, if you wish to receive the tax credit. Rehabilitation must follow CHAP's **Historic Preservation Guidelines**.
- \* You must invest a minimum of 25% of the full cash value of your property (Land and Improvements).

### **How do I receive the credit?**

- \* CHAP will review your plans **before** you begin work and then review the actual work **after** its completion (Final Certification).
- \* Upon completion of the work, CHAP sends the approved application to the State Department of Taxation.
- \* The State Department of Taxation will advise Baltimore City's Department of Collections regarding the amount of tax credit and a new bill will be sent to you, the property owner.

## **Examples of Tax Savings**

\* Substantial improvement of a property does not necessarily result in a property value increase for tax purposes. All examples are for illustration purposes. Actual circumstances of assessments may vary from the example.

### **Commercial Property**

Example: An owner of a two-story building, who runs a business on the ground floor and resides on the top floor, decides to undertake substantial improvements. After the improvements, the property value increases from \$283,000 to \$458,000. The historic tax credit program saves the property owner as much as \$40,000 in property taxes over the life of the credit.

### **Apartment Property**

Example: An apartment owner rehabs existing units and adds ten new units. The improvement and expansion increases the property value from \$430,000 to \$930,000. The historic tax credit may save the property owner as much as \$117,000 in property taxes over the life of the credit.

### **Hotel Property**

Example: An hotel owner rehabs and doubles the number of existing rooms. The rehab and expansion increases the property value from \$2.4 million to \$3.6 million. The historic tax credit program may save the property owner as much as \$280,000 in property taxes over the life of the credit.

### Owner-Occupied Residential Property

Example: A rehabilitated kitchen and dining room benefits the entire family, but may also increase the property taxes. The home that was worth \$60,000 is now worth \$105,000. The home owner may save as much as \$11,000 in property taxes over the life of the credit.

### Residential Investment Property

Example: A developer purchases a vacant house valued at \$15,000. After rehabilitation, the home is worth \$135,000. The assessment increase brings with it higher property taxes. Since the historic tax credit is transferable, a new owner may save as much as \$28,000 in property taxes over the life of the credit.

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### **Further Information**

For further information about the Baltimore City Property Tax Credit for Historic Restorations and Rehabilitations contact the Commission for Historical and Architectural Preservation, 417 E. Fayette Street, Suite 1037, Baltimore, Maryland 21202, (Phone 396-4866, x-5) ([www.baltimorecity.gov/government/historic](http://www.baltimorecity.gov/government/historic))

For more information about Baltimore visit the Internet at:

**[www.baltimorecity.gov](http://www.baltimorecity.gov)**

**You may be eligible for a tax credit if you complete rehabilitation of a historic property located in:**

**National Register  
Historic District**

Barre Circle  
Bolton Hill  
Business & Government Center  
Butcher's Hill  
Canton  
Cathedral Hill  
Cedarcroft  
Charles Village/Abell  
Dickeyville  
Druid Hill Park  
Dundalk  
East Broadway/South Clifton Pk.  
Federal Hill  
Fell's Point  
Franklin Square  
Guilford  
Homeland  
Lauraville  
Little Montgomery Street  
Market Center  
Mount Vernon

**Baltimore City  
Historic District**

Bancroft Park  
Bolton Hill\*  
Butcher's Hill\*\*  
Dickeyville\*  
Eutaw Place/Madison Ave.  
Franklintown\*  
Jonestown  
Loft\*  
Madison Park  
Mill Hill-Deck of Cards  
Mount Royal Terrace  
Mount Vernon\*  
Mount Washington  
Otterbein  
Perlman Place  
Railroad  
Ridgely's Delight  
Seton Hill\*  
Stirling Street  
Ten Hills  
Union Square\*

North Central  
Oakenshawe  
Old Goucher  
Original Northwood  
Ridgely's Delight  
Roland Park  
Saint Paul Street  
Seton Hill  
South Central Avenue  
Stone Hill  
Tuscany-Canterbury  
Union Square

Upton's Marble Hill  
Washington Hill  
Waverly

\* Also a National Register Historic District

\*\* Section of larger National Register Historic District